

# **FISCAL NOTE**

## **HB 2004 - SB 2212**

March 29, 2005

**SUMMARY OF BILL:** Requires the apportionment and distribution of state and local sales and use taxes to a municipality or public authority to commence on the date as provided in the municipality's or public authority's approved application for certification of a tourism development zone (TDZ) and planned public use facility under specified conditions. Such application must have either been submitted to the Department of Finance and Administration or been approved by the State Building Commission during calendar year 2004.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Net Impact - \$4,000,000**

**Increase Local Govt. Revenues - \$5,500,000 Earmarked for QPUF**

**Other Fiscal Impact – Enactment of this bill will shift approximately \$2.5 million in local tax revenues, otherwise earmarked to the city, to service debt incurred to construct the QPUF in Sevierville.**

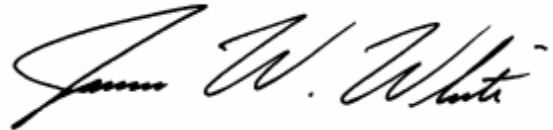
#### Assumptions:

- Bill is applicable to one qualified public use facility (QPUF) project occurring in the City of Sevierville.
- Sevierville estimates a tax base of \$100.0 million for FY05.
- State and local tax apportionment revenue is estimated at \$9.5 million (\$7.0 million for state + \$2.5 million for local = \$9.5 million).
- Enactment of this bill will increase state revenues earmarked for purposes pursuant to tax increases of 1992 and 2002 by approximately \$1.5 million (\$100.0 million X 1.5% = \$1.5 million).
- Enactment of this bill will decrease state revenues earmarked for the General Fund by approximately \$5.5 million (\$100.0 million X 5.5% = \$5.5 million).
- Net decrease to state revenues is estimated at \$4.0 million (\$5.5 million decrease + \$1.5 million increase = \$4.0 million).

- Local government revenues will increase by \$5.5 million as a result of the state distribution. This amount will be earmarked to service the debt incurred to construct the QPUF in Sevierville.
- Enactment of this bill will shift approximately \$2.5 million in local tax revenues, otherwise earmarked to the city, to service debt incurred to construct the QPUF in Sevierville.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director